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**Prison industries have a positive
ripple effect for California's economy,
new UC Berkeley report finds**

FOR IMMEDIATE RELEASE

Berkeley — What do U.S. flags, license plates, and a nice cold glass of milk have in common? They are all produced through the California Prison Industry Authority, or PIA, and only hint at the variety of merchandise made by the state's inmates.

According to a new report released today (Thursday, May 2) by a University of California, Berkeley economist, the products and services provided by state prisoners benefited Californians in fiscal year 1997-98 to the tune of \$151 million in direct sales, leading to spinoff effects of \$230.1 million in total sales.

"People don't usually connect positive economic impacts with inmates, but this report shows how much the prison industry contributes to the state economy," said report author George Goldman, a cooperative extension economist at the Department of Agricultural & Resource Economics at UC Berkeley's College of Natural Resources.

"When the PIA purchases wood to make furniture or grain to feed the chickens on a farm, it has the ripple effect of generating sales, jobs and income in other industries in California," said Goldman, who used records of PIA farm and factory operational expenses in his calculations. "Then the workers in those industries and the civilian employees at the PIA go out and spend their wages at local restaurants, movie theaters and shops."

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Goldman pointed out that in terms of sales, the PIA is the largest state prison work program in the country. He also found that the agency generated \$142.4 million in personal income.

Statewide, 3,000 jobs were connected to purchases made by the PIA, which commissioned the study. In addition, 7,000 inmates worked for the PIA, earning 30 to 95 cents per hour. Up to 20 percent of an inmate's wages is deducted for court-ordered fines and is transferred to the Crime Victims' Restitution Fund.

Prison industry officials say the work programs not only help inmates develop useful job skills, they provide a positive outlet for inmates who would otherwise be unable to make an economic contribution to the state, a factor the report's analysis takes into account. The programs have the added benefit of reducing prison violence by keeping inmates productively occupied, said Frank Losco, PIA spokesman.

According to state law, the PIA may only sell its products and services to government agencies. The California Youth and Adult Correctional Agency is by far the PIA's biggest customer, buying about half of the goods made by the inmates every year.

Goldman said that many of the products manufactured by the California PIA would probably otherwise come from out-of-state regions. "This is particularly true for metal, wood and paper products, which would likely come from the Midwest states if the PIA were not manufacturing them here," he said. "The PIA benefits California by keeping money in the state."

Expanding upon a similar analysis of the state prison industry released in 1998, the new report for the first time examines specific impacts for eight economic regions in the state, including the counties in the Bay Area, San Joaquin Valley and Southern California.

Of all the regions, the San Joaquin Valley felt the largest impacts from the prison industry with more than \$49.5 million in sales and 812 jobs in the local economy. Agricultural products — including eggs, milk and almonds — represented the largest category of goods produced and sold in that region.

On the other end of the spectrum lies the Northern California region, which includes the counties of Del Norte, Humboldt, Mendocino and Trinity. That area saw a combined impact of \$2.7 million in total sales and 58 jobs.

Southern California and the southern border regions, including Los Angeles, San Diego and Riverside counties, had a combined impact of \$24.5 million in total sales and 352 jobs.

The Bay Area region, from Sonoma to Santa Cruz counties, fell in the middle with a combined economic impact of \$13.6 million in sales and 200 jobs. Products manufactured by the PIA in the area include mattresses, furniture and eyeglasses.

PIA officials said the economic impact tends to be greater in regions, such as the San Joaquin Valley, with a relatively high concentration of prisons with industries.

Overall, the work programs reach out into more than 65 service, manufacturing and agricultural sectors at 23 prisons throughout the state. "The products and services go far beyond license plates," said Goldman.

The report was co-authored by Vijay Pradhan, a senior statistician with UC Berkeley's Department of Agricultural & Resource Economics.

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NOTE: To contact George Goldman, call (510) 642-6461 or e-mail goldman@are.berkeley.edu. Frank Losco can be reached at (916) 358-1802. Copies of the report and a PDF map showing the economic regions where the California Prison Industry Authority operates are available to reporters through Sarah Yang at (510) 643-7741, or scy@pa.urel.berkeley.edu.